

UNCLASSIFIED



Selected Acquisition Report (SAR)

RCS: DD-A&T(Q&A)823-539



M88A2 Heavy Equipment Recovery Combat Utility Lift Evacuation System (M88A2 HERCULES)

As of FY 2019 President's Budget

Defense Acquisition Management
Information Retrieval
(DAMIR)

UNCLASSIFIED

Table of Contents

Sensitivity Originator	3
Common Acronyms and Abbreviations for MDAP Programs	4
Program Information	6
Responsible Office	6
References	7
Mission and Description	8
Executive Summary	9
Threshold Breaches	11
Schedule	12
Performance	13
Track to Budget	15
Cost and Funding	16
Low Rate Initial Production	27
Foreign Military Sales	28
Nuclear Costs	28
Unit Cost	29
Cost Variance	32
Contracts	35
Deliveries and Expenditures	37
Operating and Support Cost	38

Sensitivity Originator

No originator info Available at this time.

Common Acronyms and Abbreviations for MDAP Programs

Acq O&M - Acquisition-Related Operations and Maintenance
ACAT - Acquisition Category
ADM - Acquisition Decision Memorandum
APB - Acquisition Program Baseline
APPN - Appropriation
APUC - Average Procurement Unit Cost
\$B - Billions of Dollars
BA - Budget Authority/Budget Activity
Blk - Block
BY - Base Year
CAPE - Cost Assessment and Program Evaluation
CARD - Cost Analysis Requirements Description
CDD - Capability Development Document
CLIN - Contract Line Item Number
CPD - Capability Production Document
CY - Calendar Year
DAB - Defense Acquisition Board
DAE - Defense Acquisition Executive
DAMIR - Defense Acquisition Management Information Retrieval
DoD - Department of Defense
DSN - Defense Switched Network
EMD - Engineering and Manufacturing Development
EVM - Earned Value Management
FOC - Full Operational Capability
FMS - Foreign Military Sales
FRP - Full Rate Production
FY - Fiscal Year
FYDP - Future Years Defense Program
ICE - Independent Cost Estimate
IOC - Initial Operational Capability
Inc - Increment
JROC - Joint Requirements Oversight Council
\$K - Thousands of Dollars
KPP - Key Performance Parameter
LRIP - Low Rate Initial Production
\$M - Millions of Dollars
MDA - Milestone Decision Authority
MDAP - Major Defense Acquisition Program
MILCON - Military Construction
N/A - Not Applicable
O&M - Operations and Maintenance
ORD - Operational Requirements Document
OSD - Office of the Secretary of Defense
O&S - Operating and Support
PAUC - Program Acquisition Unit Cost

PB - President's Budget
PE - Program Element
PEO - Program Executive Officer
PM - Program Manager
POE - Program Office Estimate
RDT&E - Research, Development, Test, and Evaluation
SAR - Selected Acquisition Report
SCP - Service Cost Position
TBD - To Be Determined
TY - Then Year
UCR - Unit Cost Reporting
U.S. - United States
USD(AT&L) - Under Secretary of Defense (Acquisition, Technology and Logistics)

Program Information

Program Name

M88A2 Heavy Equipment Recovery Combat Utility Lift Evacuation System (M88A2 HERCULES)

DoD Component

Army

Responsible Office

Ms. Constance Tucker
6501 East Eleven Mile Road
Warren, MI 48397-5000

constance.m.tucker.civ@mail.mil

Phone: 586-282-7703

Fax:

DSN Phone: 786-7703

DSN Fax:

Date Assigned:

References

SAR Baseline (Production Estimate)

Army Acquisition Executive (AAE) Approved Acquisition Program Baseline (APB) dated January 03, 2017

Approved APB

Army Acquisition Executive (AAE) Approved Acquisition Program Baseline (APB) dated December 5, 2017

Mission and Description

The M88A2 HERCULES is a 70-ton, armored, full-track, diesel-powered recovery vehicle based on the M88A1 chassis. The HERCULES is intended to provide single vehicle recovery, evacuation and battle damage repair of the Abrams Main Battle Tank and other combat vehicles. Specifically, the HERCULES provides Armored Brigade Combat Teams (ABCT) with the capability to recover overturned or mired vehicles using the main winch, remove and replace vehicle turrets and powerpacks weighing up to 35-tons using the boom and hoist winch and tow vehicles using on-board tow bars.

The M88A2 hull is armored for protection against small arms fire, artillery fragments and anti-personnel mines. The vehicle mounts a .50-caliber machine gun for self-protection. It is configured with three winches, an improved spade and an improved A-frame boom which enables the vehicle with a 35-ton lift capability. The M88A2 is an improvement over the M88A1 Medium Recovery Vehicle; it is the only vehicle capable of providing single vehicle recovery of the Abrams tank.

The M88A2 is key to rapid maintenance and recovery of disabled combat systems for return to operational condition in order to dominate the maneuver battle. HERCULES vehicles prevent the need for tank-on-tank recovery, thus preserving combat power.

The HERCULES operates during hostile battlefield conditions of darkness, smoke, dust and adverse weather and protects equipment and crew from the effects of indirect artillery; Nuclear, Biological and Chemical attack; electronic countermeasures; directed, optical and low-energy weapons; anti-personnel mines and small arms fire. The M88A2 operates in the same environment and geographical areas as the ABCTs it supports, normally one terrain feature behind supported units, maximizing cover and concealment techniques.

Executive Summary

Program Highlights Since Last Report

The M88A2 HERCULES vehicle started production in 1994 and FRP in 1997. The program is post-Milestone C and on schedule.

The M88A2 HERCULES requirements are stable and funding is adequate to meet cost, schedule and performance objectives to procure 889 systems. There are no increased risks to the M88A2 HERCULES program since the last SAR.

Current baseline Procurement funding procures 889 systems and ends in FY 2019 before reaching the Army Acquisition Objective (AAO) of 933. This may result in a production break and additional start-up costs to produce the remaining 44 M88A2 HERCULES. The project office will continue to work with the Army to identify opportunities to fund to the acquisition objective in future budget cycles.

On September 29, 2017 a new contract was awarded for 20 vehicles. As of December 31, 2017, 775 vehicles were produced and delivered of which 47 were delivered in CY 2017. Another 60 are on contract to be delivered in CY 2018 and CY 2019 bringing the Army inventory to 835 M88A2 vehicles. The AAO pure fleets the Army's Active and National Guard Armored Brigade Combat Teams with M88A2 HERCULES. When M88A2 HERCULES production is complete, 237 M88A1s will remain in inventory in non-Abrams equipped units.

Two vehicles were awarded as Foreign Military Sales to Lebanon on September 13, 2017.

Project Director - Main Battle Tank Systems will develop and integrate technologies for the M88A2 HERCULES through an O&S initiative to meet its operational requirement of Single Vehicle Recovery.

There are no significant software-related issues with this program at this time.

History of Significant Developments Since Program Initiation

History of Significant Developments Since Program Initiation

Date	Significant Development Description
June 2016	Milestone decision authority delegated to the Secretary of the Army and designated ACAT IC program by the DAE.

Threshold Breaches

APB Breaches

Schedule		<input type="checkbox"/>
Performance		<input type="checkbox"/>
Cost	RDT&E	<input type="checkbox"/>
	Procurement	<input type="checkbox"/>
	MILCON	<input type="checkbox"/>
	Acq O&M	<input type="checkbox"/>
O&S Cost		<input type="checkbox"/>
Unit Cost	PAUC	<input type="checkbox"/>
	APUC	<input type="checkbox"/>

Nunn-McCurdy Breaches

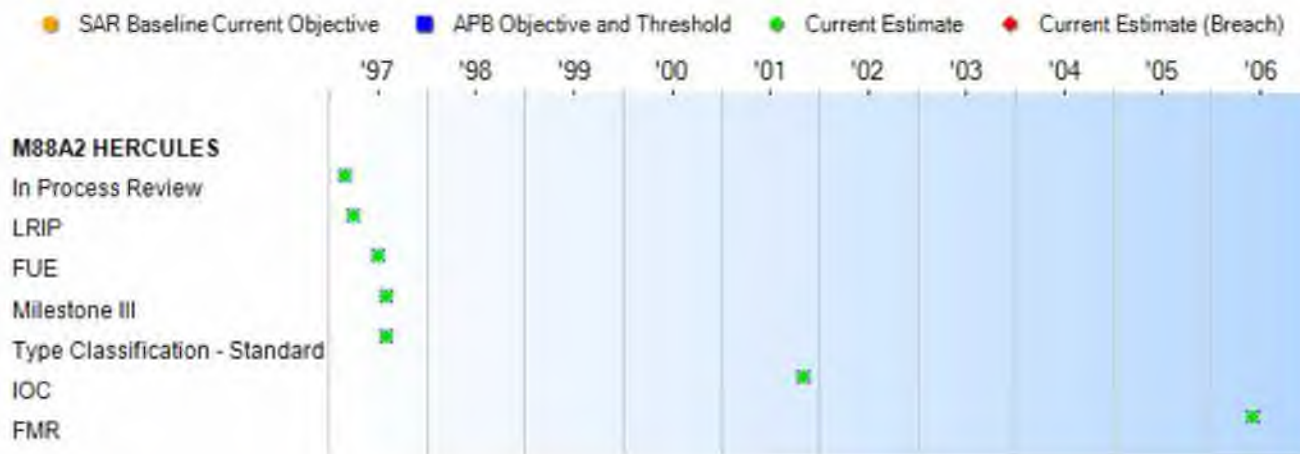
Current UCR Baseline

PAUC	None
APUC	None

Original UCR Baseline

PAUC	None
APUC	None

Schedule



Schedule Events				
Events	SAR Baseline Production Estimate	Current APB Production Objective/Threshold		Current Estimate
In Process Review	Mar 1997	Mar 1997	Mar 1997	Mar 1997
LRIP	Apr 1997	Apr 1997	Apr 1997	Apr 1997
FUE	Jul 1997	Jul 1997	Jul 1997	Jul 1997
Milestone III	Aug 1997	Aug 1997	Aug 1997	Aug 1997
Type Classification - Standard	Aug 1997	Aug 1997	Aug 1997	Aug 1997
IOC	Nov 2001	Nov 2001	Nov 2001	Nov 2001
FMR	Jun 2006	Jun 2006	Jun 2006	Jun 2006

Change Explanations

None

Notes

Previously an ACAT II program, HERCULES was designated ACAT IC by the DAE in the June 2016 ADM as a result of cost projections reaching the ACAT I Procurement costs threshold when procuring to the Army Acquisition Objective of 933.

Acronyms and Abbreviations

FMR - Full Material Release
FUE - First Unit Equipped

Performance

Performance Characteristics				
SAR Baseline Production Estimate	Current APB Production Objective/Threshold	Demonstrated Performance	Current Estimate	
TOWING CAPACITY: 70 tons up & down a 10% slope / 70 tons up & down a 20% slope / 70 tons up & down a 25% slope				
5 MPH / 3 MPH / Continued, Positive Forward Speed	5 MPH / 3 MPH / Continued, Positive Forward Speed	(T=O) 5 MPH / 3 MPH / Continued, Positive Forward Speed	5 MPH / 3 MPH / Continued, Positive Forward Speed	5 MPH / 3 MPH / Continued, Positive Forward Speed
CONVOY SPEED without Towed Load on dry, paved, level roads				
30 MPH	30 MPH	25 MPH	30 MPH	30 MPH
HOIST WINCH LIFT CAPACITY				
35 tons	35 tons	(T=O) 35 tons	35 tons	35 tons
MAIN WINCH PULL CAPACITY				
70 tons	70 tons	(T=O) 70 tons	70 tons	70 tons
CRUISING RANGE without Towed Load on paved, level, dry surfaces				
200 miles	200 miles	(T=O) 200 miles	300 miles	300 miles
RELIABILITY				
210 MMBOMF	210 MMBOMF	(T=O) 210 MMBOMF	210 MMBOMF	210 MMBOMF
MAINTENANCE RATIO Maintenance Man-Hours per Mile				
0.14	0.14	0.17	0.14	0.14
ARMOR PROTECTION: Direct Fire / Indirect Fire / Anti-Personnel				
30 MM / 155 MM / Anti -Personnel	30 MM / 155 MM / Anti-Personnel	(T=O) 30 MM / 155 MM / Anti-Personnel	30 MM / 155 MM / Anti- Personnel	30 MM / 155 MM / Anti-Personnel
CLIMBING Longitudinal Grade				
60%	60%	(T=O) 60%	60%	60%
ACCELERATION Standing Start to 200 Feet				
Less than 14 seconds	Less than 14 seconds	(T=O) Less than 14 seconds	Less than 14 seconds	Less than 14 seconds

Requirements Reference

ORD dated November 9, 1998

Change Explanations

None

Acronyms and Abbreviations

% - Percent

MM - Millimeter

MMBOMF - Mean Miles Between Operational Mission Failure

MPH - Miles Per Hour

O - Objective

T - Threshold

Track to Budget

RDT&E

Appn	BA	PE
------	----	----

Army 2040 07 0203735A

Project	Name
---------	------

280 Recovery Vehicle (Shared) (Sunk)
Improvement Program

Notes: Starting in FY 2018, Line Item 0203735A/280 is shared with the Single Vehicle Recovery Engineering Change Proposal effort that will be applied to currently fielded M88A2s as a post production modification.

Procurement

Appn	BA	PE
------	----	----

Army 2033 01 0211700A

Line Item	Name
-----------	------

3700GA0570 Improved Recovery Vehicle (M88A2 HERCULES)

Acq O&M

Notes

Due to the age of this program, the timeframe of the O&M, Army funding used in the 1990s, the document that provides the budget source cannot be located.

Cost and Funding

Cost Summary

Total Acquisition Cost							
Appropriation	BY 1997 \$M			BY 1997 \$M	TY \$M		
	SAR Baseline Production Estimate	Current APB Production Objective/Threshold		Current Estimate	SAR Baseline Production Estimate	Current APB Production Objective	Current Estimate
RDT&E	55.9	62.4	68.6	62.4	53.3	54.2	54.2
Procurement	2298.7	2290.8	2519.9	2311.3	2927.8	2925.2	2943.0
Flyaway	--	--	--	2206.2	--	--	2812.7
Recurring	--	--	--	2200.2	--	--	2806.8
Non Recurring	--	--	--	6.0	--	--	5.9
Support	--	--	--	105.1	--	--	130.3
Other Support	--	--	--	48.7	--	--	64.9
Initial Spares	--	--	--	56.4	--	--	65.4
MILCON	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acq O&M	4.5	4.5	5.0	4.5	4.5	4.5	4.5
Total	2359.1	2357.7	N/A	2378.2	2985.6	2983.9	3001.7

Current APB Cost Estimate Reference

POE dated October 31, 2017

Cost Notes

The APB includes the most current POE and does not include the anticipated Overseas Contingency Operations funding or Congressional plus-ups historically received by the program.

In accordance with Section 842 of the National Defense Authorization Act for FY 2017, which amended title 10 U.S.C. § 2334, the Director of Cost Assessment and Program Evaluation, and the Secretary of the military department concerned or the head of the Defense Agency concerned, must issue guidance requiring a discussion of risk, the potential impacts of risk on program costs, and approaches to mitigate risk in cost estimates for MDAPs and major subprograms. The information required by the guidance is to be reported in each SAR. This guidance is not yet available; therefore, the information on cost risk is not contained in this SAR.

Total Quantity			
Quantity	SAR Baseline Production Estimate	Current APB Production	Current Estimate
RDT&E	5	5	5
Procurement	933	933	933
Total	938	938	938

Quantity Notes

FY 2019 Quantity is for 26 base program vehicles and 12 Overseas Contingency Operations-funded vehicles.

Cost and Funding

Funding Summary

Appropriation Summary									
FY 2019 President's Budget / December 2017 SAR (TY\$ M)									
Appropriation	Prior	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	To Complete	Total
RDT&E	54.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	54.2
Procurement	2491.8	72.4	152.9	0.0	0.0	10.5	0.0	215.4	2943.0
MILCON	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acq O&M	4.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.5
PB 2019 Total	2550.5	72.4	152.9	0.0	0.0	10.5	0.0	215.4	3001.7
PB 2018 Total	2552.1	72.3	0.0	0.0	0.0	0.0	152.8	155.8	2933.0
Delta	-1.6	0.1	152.9	0.0	0.0	10.5	-152.8	59.6	68.7

Funding Notes

FY 2019 Funding is \$110.5M of base program funding and \$42.354M of Overseas Contingency Operations funding.

Quantity Summary										
FY 2019 President's Budget / December 2017 SAR (TY\$ M)										
Quantity	Undistributed	Prior	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	To Complete	Total
Development	5	0	0	0	0	0	0	0	0	5
Production	0	835	16	38	0	0	0	0	44	933
PB 2019 Total	5	835	16	38	0	0	0	0	44	938
PB 2018 Total	5	839	16	0	0	0	0	39	39	938
Delta	0	-4	0	38	0	0	0	-39	5	0

Cost and Funding

Annual Funding By Appropriation

Annual Funding							
2040 RDT&E Research, Development, Test, and Evaluation, Army							
Fiscal Year	Quantity	TY \$M					
		End Item Recurring Flyaway	Non End Item Recurring Flyaway	Non Recurring Flyaway	Total Flyaway	Total Support	Total Program
1986	--	--	--	--	--	--	8.0
1987	--	--	--	--	--	--	6.8
1988	--	--	--	--	--	--	8.9
1989	--	--	--	--	--	--	1.7
1990	--	--	--	--	--	--	--
1991	--	--	--	--	--	--	2.0
1992	--	--	--	--	--	--	0.9
1993	--	--	--	--	--	--	5.6
1994	--	--	--	--	--	--	7.4
1995	--	--	--	--	--	--	6.5
1996	--	--	--	--	--	--	2.9
1997	--	--	--	--	--	--	3.5
Subtotal	5	--	--	--	--	--	54.2

Annual Funding 2040 RDT&E Research, Development, Test, and Evaluation, Army							
Fiscal Year	Quantity	BY 1997 \$M					
		End Item Recurring Flyaway	Non End Item Recurring Flyaway	Non Recurring Flyaway	Total Flyaway	Total Support	Total Program
1986	--	--	--	--	--	--	10.7
1987	--	--	--	--	--	--	8.8
1988	--	--	--	--	--	--	11.1
1989	--	--	--	--	--	--	2.0
1990	--	--	--	--	--	--	--
1991	--	--	--	--	--	--	2.2
1992	--	--	--	--	--	--	1.0
1993	--	--	--	--	--	--	5.9
1994	--	--	--	--	--	--	7.7
1995	--	--	--	--	--	--	6.6
1996	--	--	--	--	--	--	2.9
1997	--	--	--	--	--	--	3.5
Subtotal	5	--	--	--	--	--	62.4

Annual Funding							
2033 Procurement Procurement of Weapons and Tracked Combat Vehicles, Army							
Fiscal Year	Quantity	TY \$M					
		End Item Recurring Flyaway	Non End Item Recurring Flyaway	Non Recurring Flyaway	Total Flyaway	Total Support	Total Program
1994	13	28.5	1.2	1.3	31.0	0.2	31.2
1995	15	24.5	1.4	4.6	30.5	6.3	36.8
1996	24	47.5	4.0	--	51.5	2.9	54.4
1997	24	46.5	6.3	--	52.8	2.7	55.5
1998	10	21.8	9.7	--	31.5	0.5	32.0
1999	16	33.4	17.2	--	50.6	3.0	53.6
2000	--	--	--	--	--	--	--
2001	29	55.3	14.2	--	69.5	6.9	76.4
2002	21	43.6	12.5	--	56.1	3.7	59.8
2003	5	16.2	28.2	--	44.4	7.2	51.6
2004	--	--	--	--	--	--	--
2005	55	103.0	38.3	--	141.3	4.8	146.1
2006	--	--	--	--	--	--	--
2007	147	295.6	53.3	--	348.9	9.8	358.7
2008	116	245.0	30.0	--	275.0	6.5	281.5
2009	85	180.3	54.8	--	235.1	19.0	254.1
2010	27	76.9	6.6	--	83.5	13.0	96.5
2011	45	124.7	10.2	--	134.9	3.9	138.8
2012	--	1.8	4.8	--	6.6	0.9	7.5
2013	49	153.7	13.3	--	167.0	2.7	169.7
2014	53	162.6	17.4	--	180.0	6.0	186.0
2015	36	112.9	7.2	--	120.1	2.4	122.5
2016	47	149.2	28.6	--	177.8	9.3	187.1
2017	18	67.2	24.2	--	91.4	0.6	92.0
2018	16	53.8	14.8	--	68.6	3.8	72.4
2019	38	128.5	20.3	--	148.8	4.1	152.9
2020	--	--	--	--	--	--	--
2021	--	--	--	--	--	--	--
2022	--	2.0	5.4	--	7.4	3.1	10.5
2023	--	--	--	--	--	--	--
2024	24	87.9	19.4	--	107.3	2.7	110.0
2025	20	75.1	19.8	--	94.9	3.6	98.5
2026	--	0.3	5.9	--	6.2	0.7	6.9
Subtotal	933	2337.8	469.0	5.9	2812.7	130.3	2943.0

Annual Funding							
2033 Procurement Procurement of Weapons and Tracked Combat Vehicles, Army							
Fiscal Year	Quantity	BY 1997 \$M					
		End Item Recurring Flyaway	Non End Item Recurring Flyaway	Non Recurring Flyaway	Total Flyaway	Total Support	Total Program
1994	13	29.1	1.2	1.4	31.7	0.2	31.9
1995	15	24.6	1.4	4.6	30.6	6.4	37.0
1996	24	47.1	4.0	--	51.1	2.9	54.0
1997	24	45.7	6.2	--	51.9	2.7	54.6
1998	10	21.2	9.4	--	30.6	0.5	31.1
1999	16	32.2	16.7	--	48.9	2.8	51.7
2000	--	--	--	--	--	--	--
2001	29	52.1	13.4	--	65.5	6.5	72.0
2002	21	40.5	11.7	--	52.2	3.4	55.6
2003	5	14.7	25.6	--	40.3	6.6	46.9
2004	--	--	--	--	--	--	--
2005	55	88.7	33.0	--	121.7	4.1	125.8
2006	--	--	--	--	--	--	--
2007	147	242.3	43.6	--	285.9	8.1	294.0
2008	116	198.1	24.3	--	222.4	5.2	227.6
2009	85	143.8	43.8	--	187.6	15.1	202.7
2010	27	60.2	5.2	--	65.4	10.1	75.5
2011	45	95.5	7.8	--	103.3	3.0	106.3
2012	--	1.4	3.6	--	5.0	0.7	5.7
2013	49	114.1	9.9	--	124.0	2.0	126.0
2014	53	119.5	12.8	--	132.3	4.4	136.7
2015	36	81.8	5.3	--	87.1	1.7	88.8
2016	47	106.2	20.3	--	126.5	6.7	133.2
2017	18	47.0	17.0	--	64.0	0.4	64.4
2018	16	37.0	10.2	--	47.2	2.6	49.8
2019	38	86.6	13.8	--	100.4	2.7	103.1
2020	--	--	--	--	--	--	--
2021	--	--	--	--	--	--	--
2022	--	1.3	3.4	--	4.7	2.0	6.7
2023	--	--	--	--	--	--	--
2024	24	53.7	11.8	--	65.5	1.7	67.2
2025	20	45.0	11.8	--	56.8	2.2	59.0
2026	--	0.2	3.4	--	3.6	0.4	4.0
Subtotal	933	1829.6	370.6	6.0	2206.2	105.1	2311.3

Cost Quantity Information		
2033 Procurement Procurement of Weapons and Tracked Combat Vehicles, Army		
Fiscal Year	Quantity	End Item Recurring Flyaway (Aligned With Quantity) BY 1997 \$M
1994	13	29.1
1995	15	24.6
1996	24	47.1
1997	24	45.7
1998	10	21.2
1999	16	32.2
2000	--	--
2001	29	52.1
2002	21	40.5
2003	5	14.7
2004	--	--
2005	55	88.7
2006	--	--
2007	147	242.3
2008	116	198.1
2009	85	143.8
2010	27	60.2
2011	45	96.9
2012	--	--
2013	49	114.1
2014	53	119.5
2015	36	81.8
2016	47	106.2
2017	18	47.0
2018	16	37.0
2019	38	87.9
2020	--	--
2021	--	--
2022	--	--
2023	--	--
2024	24	53.7
2025	20	45.2
2026	--	--
Subtotal	933	1829.6

Annual Funding		
2020 Acq O&M Operation and Maintenance, Army		
Fiscal Year	TY \$M	
	Total Program	
1997		4.5
Subtotal		4.5

Annual Funding	
2020 Acq O&M Operation and Maintenance, Army	
Fiscal Year	BY 1997 \$M
	Total Program
1997	4.5
Subtotal	4.5

Acquisition O&M costs in FY1997 account for a pre-1999 teardown at Anniston Army Depot.

Low Rate Initial Production

Item	Initial LRIP Decision	Current Total LRIP
Approval Date	9/9/1994	9/24/1994
Approved Quantity	13	42
Reference	Milestone III ADM	Milestone III ADM Addendum
Start Year	1994	1994
End Year	1997	1997

Foreign Military Sales

Country	Date of Sale	Quantity	Total Cost \$M	Description
Lebanon	9/13/2017	2	7.6	Case LE/U7-UDA
Australia	9/19/2015	6	28.2	Case AT-UHN
Iraq	7/8/2012	8	31.8	Case H3-UAY
Iraq	9/8/2008	8	26.2	Case IQ-VPP
Australia	7/7/2004	7	26.4	Case AT-ZZH
Egypt	11/1/2003	21	47.1	Case EG-NFU
Egypt	4/11/2002	3	7.9	Case EG-B-UUH
Egypt	4/30/2001	13	29.0	Case EG-NFQ
Egypt	3/19/1999	51	113.3	Case EG-JBM
Kuwait	7/7/1993	14	35.0	Case KU-JAT

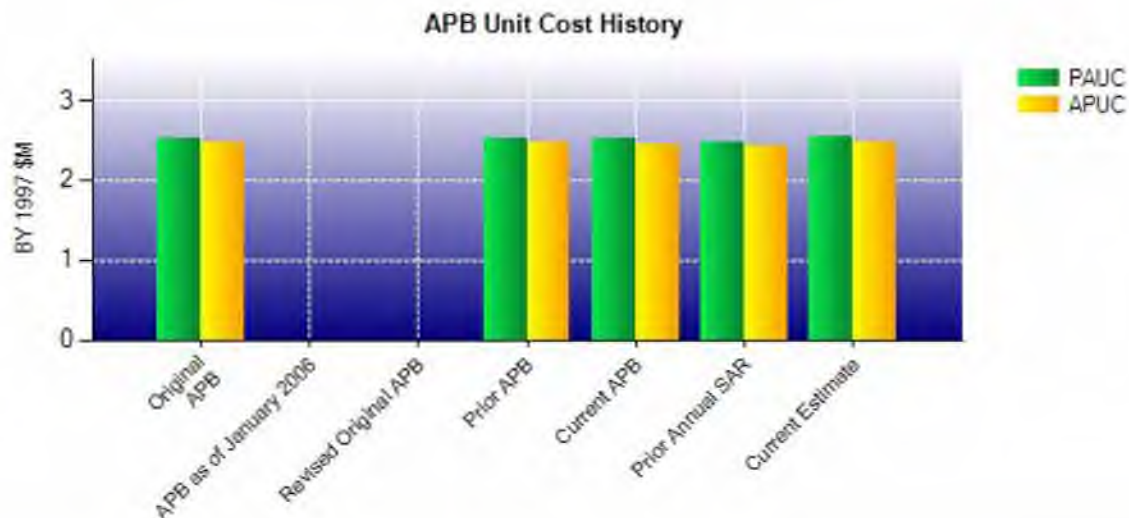
Notes

Nuclear Costs

None

Unit Cost

Current UCR Baseline and Current Estimate (Base-Year Dollars)			
Item	BY 1997 \$M	BY 1997 \$M	% Change
	Current UCR Baseline (Dec 2017 APB)	Current Estimate (Dec 2017 SAR)	
Program Acquisition Unit Cost			
Cost	2357.7	2378.2	
Quantity	938	938	
Unit Cost	2.514	2.535	+0.84
Average Procurement Unit Cost			
Cost	2290.8	2311.3	
Quantity	933	933	
Unit Cost	2.455	2.477	+0.90
Original UCR Baseline and Current Estimate (Base-Year Dollars)			
Item	BY 1997 \$M	BY 1997 \$M	% Change
	Original UCR Baseline (Jan 2017 APB)	Current Estimate (Dec 2017 SAR)	
Program Acquisition Unit Cost			
Cost	2359.1	2378.2	
Quantity	938	938	
Unit Cost	2.515	2.535	+0.80
Average Procurement Unit Cost			
Cost	2298.7	2311.3	
Quantity	933	933	
Unit Cost	2.464	2.477	+0.53



APB Unit Cost History					
Item	Date	BY 1997 \$M		TY \$M	
		PAUC	APUC	PAUC	APUC
Original APB	Jan 2017	2.515	2.464	3.183	3.138
APB as of January 2006	N/A	N/A	N/A	N/A	N/A
Revised Original APB	N/A	N/A	N/A	N/A	N/A
Prior APB	Jan 2017	2.515	2.464	3.183	3.138
Current APB	Dec 2017	2.514	2.455	3.181	3.135
Prior Annual SAR	Dec 2016	2.478	2.419	3.127	3.081
Current Estimate	Dec 2017	2.535	2.477	3.200	3.154

SAR Unit Cost History

Current SAR Baseline to Current Estimate (TY \$M)									
PAUC Production Estimate	Changes								PAUC Current Estimate
	Econ	Qty	Sch	Eng	Est	Oth	Spt	Total	
3.183	-0.020	0.000	0.017	0.000	-0.112	0.000	0.132	0.017	3.200

Current SAR Baseline to Current Estimate (TY \$M)									
Initial APUC Production Estimate	Changes								APUC Current Estimate
	Econ	Qty	Sch	Eng	Est	Oth	Spt	Total	
3.138	-0.020	0.000	0.017	0.000	-0.113	0.000	0.133	0.017	3.154

SAR Baseline History				
Item	SAR Planning Estimate	SAR Development Estimate	SAR Production Estimate	Current Estimate
Milestone A	N/A	N/A	N/A	N/A
Milestone B	N/A	N/A	N/A	N/A
Milestone C	N/A	N/A	N/A	N/A
IOC	N/A	N/A	Nov 2001	Nov 2001
Total Cost (TY \$M)	N/A	N/A	2985.6	3001.7
Total Quantity	N/A	N/A	938	938
PAUC	N/A	N/A	3.183	3.200

Cost Variance

Summary TY \$M				
Item	RDT&E	Procurement	MILCON	Total
SAR Baseline (Production Estimate)	53.3	2927.8	--	2985.6
Previous Changes				
Economic	--	-14.0	--	-14.0
Quantity	--	--	--	--
Schedule	--	+23.7	--	+23.7
Engineering	--	--	--	--
Estimating	+0.9	-83.2	--	-82.3
Other	--	--	--	--
Support	--	+20.0	--	+20.0
Subtotal	+0.9	-53.5	--	-52.6
Current Changes				
Economic	--	-5.1	--	-5.1
Quantity	--	--	--	--
Schedule	--	-7.7	--	-7.7
Engineering	--	--	--	--
Estimating	--	-22.3	--	-22.3
Other	--	--	--	--
Support	--	+103.8	--	+103.8
Subtotal	--	+68.7	--	+68.7
Total Changes	+0.9	+15.2	--	+16.1
CE - Cost Variance	54.2	2943.0	--	3001.7
CE - Cost & Funding	54.2	2943.0	--	3001.7

Summary BY 1997 \$M				
Item	RDT&E	Procurement	MILCON	Total
SAR Baseline (Production Estimate)	55.9	2298.7	--	2359.1
Previous Changes				
Economic	--	--	--	--
Quantity	--	--	--	--
Schedule	--	--	--	--
Engineering	--	--	--	--
Estimating	+6.5	-54.9	--	-48.4
Other	--	--	--	--
Support	--	+13.5	--	+13.5
Subtotal	+6.5	-41.4	--	-34.9
Current Changes				
Economic	--	--	--	--
Quantity	--	--	--	--
Schedule	--	--	--	--
Engineering	--	--	--	--
Estimating	--	-33.3	--	-33.3
Other	--	--	--	--
Support	--	+87.3	--	+87.3
Subtotal	--	+54.0	--	+54.0
Total Changes	+6.5	+12.6	--	+19.1
CE - Cost Variance	62.4	2311.3	--	2378.2
CE - Cost & Funding	62.4	2311.3	--	2378.2

Previous Estimate: December 2016

Procurement	\$M	
Current Change Explanations	Base Year	Then Year
Revised escalation indices. (Economic)	N/A	-5.1
Acceleration of procurement buy profile from FY 2017 to FY 2025. (Schedule)	0.0	-7.7
Realignment of flyaway to support in FY 1994 to FY 2015. (Estimating)	-86.2	-102.4
Correction to sunk funding based on recent analysis of historical documents. (Estimating)	+0.5	-1.6
Revised estimate for hardware unit costs. (Estimating)	+17.4	+27.4
Revised estimate for Test requirements. (Estimating)	-0.8	-1.1
Revised estimate for System Technical Support requirements. (Estimating)	+6.8	+10.3
Revised estimate for System Engineering/Program Management due to extending the program. (Estimating)	+27.3	+42.8
Adjustment for current and prior escalation. (Estimating)	+1.7	+2.3
Adjustment for current and prior escalation. (Support)	+0.1	+0.1
Increase in Other Support due to added requirements of Fielding and Data costs and realignment of flyaway to support in FY 1994 to FY 2015. (Support)	+32.6	+40.8
Increase in Initial Spares due to added requirements and realignment of flyaway to support in FY 1994 to FY 2015. (Support)	+54.6	+62.9
Procurement Subtotal	+54.0	+68.7

Contracts

Contract Identification

Appropriation: Procurement
Contract Name: M88A2 HERCULES Production
Contractor: BAE Systems Land & Armaments, L.P.
Contractor Location: 1100 Bairs Rd
 York, PA 17408-8975
Contract Number: W56HZV-14-C-0298
Contract Type: Firm Fixed Price (FFP)
Award Date: September 26, 2014
Definitization Date: September 26, 2014

Contract Price

Initial Contract Price (\$M)			Current Contract Price (\$M)			Estimated Price At Completion (\$M)	
Target	Ceiling	Qty	Target	Ceiling	Qty	Contractor	Program Manager
153.7	N/A	53	393.4	N/A	134	393.4	393.4

Target Price Change Explanation

The difference between the Initial Contract Price Target and the Current Contract Price Target is due to additional options awarded in FY 2015 and FY 2016.

Cost and Schedule Variance Explanations

Cost and Schedule Variance reporting is not required on this (FFP) contract.

Contract Identification

Appropriation: Procurement
Contract Name: M88A2 HERCULES FY17 Production
Contractor: BAE Systems Land & Armaments, L.P.
Contractor Location: 1100 Bairs Rd
 York, PA 17408-8975
Contract Number: W56HZV-17-C-0242
Contract Type: Firm Fixed Price (FFP)
Award Date: September 29, 2017
Definitization Date: September 29, 2017

Contract Price

Initial Contract Price (\$M)			Current Contract Price (\$M)			Estimated Price At Completion (\$M)	
Target	Ceiling	Qty	Target	Ceiling	Qty	Contractor	Program Manager
68.9	N/A	20	68.9	N/A	20	68.9	68.9

Cost and Schedule Variance Explanations

Cost and Schedule Variance reporting is not required on this (FFP) contract.

Notes

This is the first time this contract is being reported.

Deliveries and Expenditures

Deliveries				
Delivered to Date	Planned to Date	Actual to Date	Total Quantity	Percent Delivered
Development	5	5	5	100.00%
Production	779	779	933	83.49%
Total Program Quantity Delivered	784	784	938	83.58%

Expended and Appropriated (TY \$M)			
Total Acquisition Cost	3001.7	Years Appropriated	33
Expended to Date	2227.8	Percent Years Appropriated	80.49%
Percent Expended	74.22%	Appropriated to Date	2622.9
Total Funding Years	41	Percent Appropriated	87.38%

The above data is current as of February 12, 2018.

Operating and Support Cost

Cost Estimate Details

Date of Estimate: January 19, 2018
Source of Estimate: POE
Quantity to Sustain: 933
Unit of Measure: Vehicle
Service Life per Unit: 20.00 Years
Fiscal Years in Service: FY 1997 - FY 2046

Quantity to Sustain is for the Army Acquisition Objective of 933 and does not include five prototype vehicles.

Sustainment Strategy

The current M88A2 HERCULES ORD, dated November 9, 1998, specifies organic M88A2 support. The M88A2 employs the Army's two-level maintenance strategy for support. The Combat Recovery Systems Integrated Product Support Manager is updating the Life Cycle Sustainment Plan to meet the requirements of an ACAT IC program. The M88A2 product support concept consists of both Operational/Field support and Sustainment support. Operation/Field support is through the use of Brigade Support Battalions using the assigned Forward Support Company for maintenance support. The unit using the M88A2 draws repair parts from the Supply Support Activity. An updated Interactive Electronic Technical Manual will provide crew and maintainer with platform information. Depot Maintenance Work Requirements and National Maintenance Work Requirements are in place for major sub-system components.

Antecedent Information

The antecedent system is the M88A1. This system was in production from 1977 to 1993. Due to the age of the program, O&S costs cannot be collected, therefore no cost comparison can be provided.

Annual O&S Costs BY1997 \$M		
Cost Element	M88A2 HERCULES Average Annual Cost Per Vehicle	N/A (Antecedent) N/A
Unit-Level Manpower	0.175	--
Unit Operations	0.001	--
Maintenance	0.081	--
Sustaining Support	0.068	--
Continuing System Improvements	0.012	--
Indirect Support	0.049	--
Other	0.000	--
Total	0.386	--

Item	Total O&S Cost \$M			
	M88A2 HERCULES			N/A (Antecedent)
	Current Production APB Objective/Threshold		Current Estimate	
Base Year	9802.4	10782.6	7211.2	N/A
Then Year	17853.7	N/A	13425.7	N/A

Disposal Cost is included in the Operating and Support Cost of the current APB objective and threshold for this program.

Equation to Translate Annual Cost to Total Cost

HERCULES Total O&S Cost = Average Annual O&S Cost Per Vehicle x Number of Vehicles x Economic Useful Life =
\$386.454K x 933 vehicles x 20 years = \$7,211.2M (BY 1997 \$M).

O&S Cost Variance		
Category	BY 1997 \$M	Change Explanations
Prior SAR Total O&S Estimates - Dec 2016 SAR	9752.7	
Programmatic/Planning Factors	16.7	Extension of program years.
Cost Estimating Methodology	0.0	
Cost Data Update	158.4	Revised estimate for spare parts.
Labor Rate	-2694.7	Update to Military Pay Rates.
Energy Rate	0.0	
Technical Input	0.0	
Other	-21.9	Removal of Demil costs included in previous SAR.
Total Changes	-2541.5	
Current Estimate	7211.2	

Disposal Estimate Details

Date of Estimate: January 30, 2018
Source of Estimate: POE
Disposal/Demilitarization Total Cost (BY 1997 \$M): Total costs for disposal of all Vehicle are 43.5